Developing an Innovation Strategy

Taking Advantage of Opportunities

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Strategic Thinking

An organization's strategy should flow from the analysis of the market opportunity and threats, aspirations of its people, and the needs of its stakeholders. Strategy development encompasses the creation of a vision, selection of a mission, setting of goals, and development of a strategic plan.

A strategic plan is the organization's interpretation of the market opportunity. It is its way to capitalize on the market opportunity based on its vision, mission, goals and capabilities.

A strategic plan is organization dependent because no two organizations have the same vision, mission, goals, and capabilities. Therefore, even if two organizations uncover the same opportunity, they are likely to perceive it differently. A strategic plan is a way to minimize or avoid threats. It is a method to effectively utilize the organization, to satisfy the organization's stakeholders, and a way to provide competitive differentiation.

To develop a strategic plan, the organization must:

- Understand the market in which it operates
- Understand the needs and aspirations of people in the organization
- Synthesize the needs of market, stakeholders, and people into a vision
- Establish a shared vision
- Select a mission, set goals, and develop the plan together with the organization
- Create the strategic plan to capitalize on the opportunity, avoid or minimize the threats, and meet business needs as stated in the vision, mission, and goals

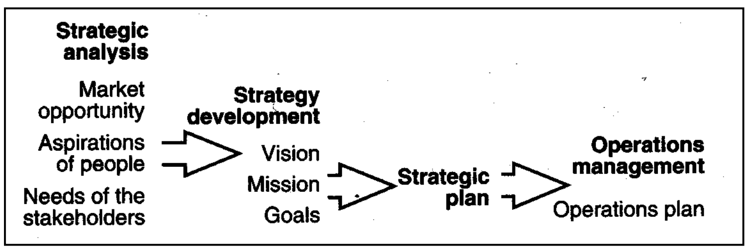

Figure 1. Strategic Thinking

The hierarchy of elements in the strategy is shown in Figure 2. The vision must be created first, followed by the mission, goals, and strategic plan.

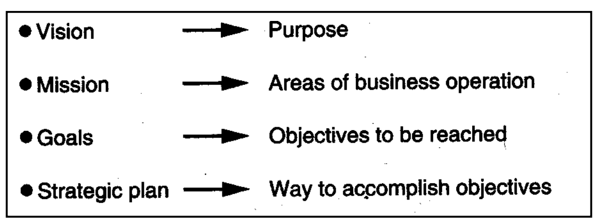

Figure 2. Strategy Development

Innovation Strategy

An innovation strategy is only good for a finite amount of time. One of the worst mistakes an organization can make is to assume that because an innovation strategy was successful it will always be successful. The environment shifts, customers' needs change, competition gets smart, technologies improve, and the organization itself evolves.

The market-driven innovation methodology's perspective on strategy differs from others in that an innovation change can have a complex pattern as represented by the innovation map. Our innovative strategies are more complex than just being a "low-cost leader "or

"niche creator," for example. There are nine different types of innovation and therefore at least nine different principal foci of strategic intent, and there are even more complex secondary and tertiary patterns. The innovation map is a powerful tool for creating and depicting innovation strategies.

Once an innovation strategy has been selected, there is the establishment of an immediate vulnerability. On the competitive battlefield, an innovation strategy is like a decision to attack. Each movement creates the opportunity for a response. Each innovation strategy has included within it the seeds of its own destruction. This implies that strategies should be living concepts that link markets, organizational capabilities, business objectives, and individual needs.

A Classic Example: The U.S. Automobile Industry

A classic example illustrating these observations about innovation strategies is the U.S. automobile industry. There were five major stages in the development of strategy in the auto industry from the 1820s until the 1970s, which we will discuss in the following sections.

Experimenters and Hobbyists: The Early Days

The search for a self-propelled wheeled vehicle began with Cugnot's steam-powered tricycle. Other technological competitors followed, with internal combustion engines and electric motors providing energy sources. During this period the fastest car was, surprisingly, an electric vehicle.

From the 1880s to the 1920s there was a rapid proliferation of different versions of the automobile. Hundreds of companies were created, each with its unique approach. Carriage shops in many cases acted as the incubator. To own a car during this period required daring and at least a modicum of mechanical ability. Purchasers were the early adopters, experimenters, and hobbyists, who weren't concerned about repairing the frequent breakdowns, and certainly not totally dependent on the auto as a means of transportation or business. There were few roads, and those were of poor quality.

The breakthrough innovation of Cugnot resulted in many distinctive and incremental product innovations. Competitors were searching for the right technologies and the right configurations to meet market needs. The thrust of this innovation activity is shown in Figure 3 as an arrow from the "breakthrough product" section of the figure. There was not a lot of focus on process or procedure innovations.

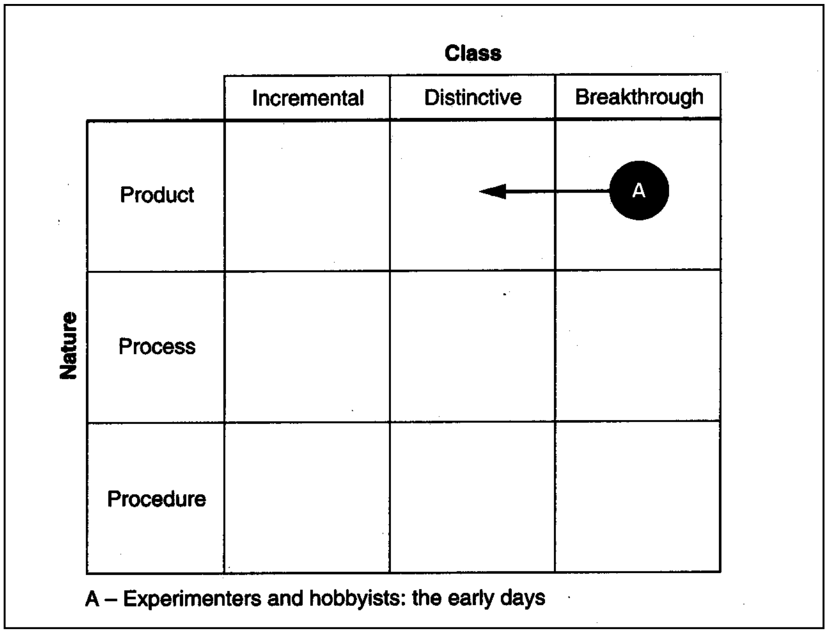

Figure 3. The US Automobile Industry: Experimenters and Hobbyists - the Early Days

Search and Learn: The Development of the Ford Model T

When Henry Ford began his search for the perfect car, there was still a great deal of technological uncertainty. No one knew for sure which engine type would win. Certainly no one knew which configuration would best fit the market. Ford went through a process of searching, trying different configurations of internal combustion engine autos, to find the car for the "common man." The "Model T" designation was not capricious but the result of trials A through S, which culminated in 1908 in the Model T. The major innovation strategy during this period was a continuation of the distinctive product innovations of the past, along with a movement toward incremental product innovations (Figure 4).

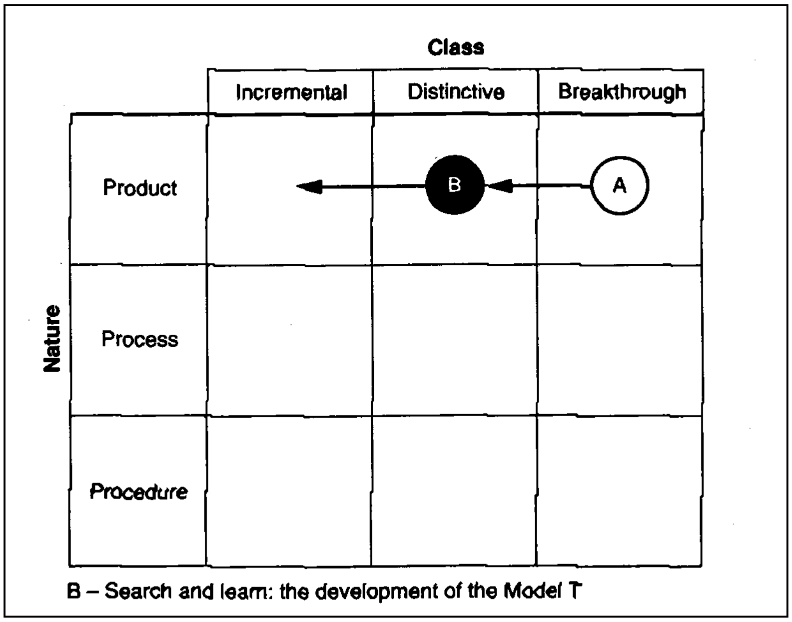

Figure 4. The US Automobile Industry: Search and Learn - The Development of the Model T.

A Car for Everyone: Exploiting the Model T

Ford correctly recognized that the driving forces for change in the United States were creating a need for cheap, reliable, independent methods of transportation. He correctly understood that if he could rationalize the manufacturing system and drive the cost down, he could capture a large share of the market. To improve the reliability and decrease the cost, Ford instituted a series of product, process, and procedure innovations:

Product Innovations	Process Innovations	Procedure Innovations
Four-cylinder engine (cost efficiency)	Reinforced-concrete factory with windows/ skylights	High pay (double competitors)
Works completely enclosed (more reliable)	Interchangeability of parts	Nonstop eight-hour shift rotations
Durable (stood up to bumps)	Moving assembly line	
Reliable (didn't strip gears)	Task/part segmentation	
$825 price (competitors' $2000)		

The results of all of these innovations plus an incredible number of subsequent incremental innovations produced impressive cost reductions (Figure 5).

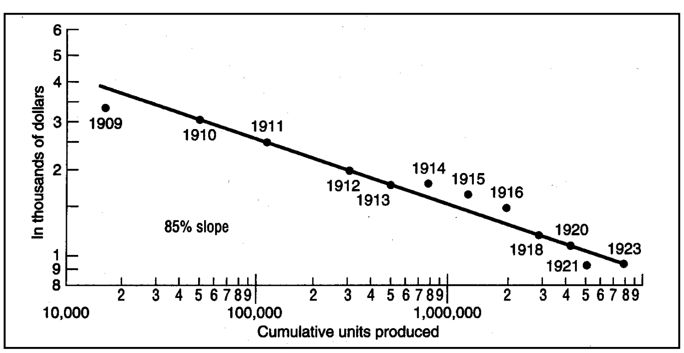

Figure 5. Price of the Model T, 1909-1923 (average list price in 1958 dollars)

An example that has been reported shows the depth of the rationalization. Ford requested that gears be shipped in wooden boxes, and he specified the dimensions of the pieces of wood in the boxes. This wood was just the right size to be used as is for the floorboards of the cars. Ford had all the cars painted black, and all the parts black. This maximized the interchangeability of the parts, simplifying inventory. The joke was that you could get any color Model T you wanted as long as it was black.

The results were impressive. Ford created the auto industry and dominated it for years. Some people even credit him with the creation of the consumer society we live in. He made the cars cheap enough to be purchased and paid the workers well enough that they could become consumers.

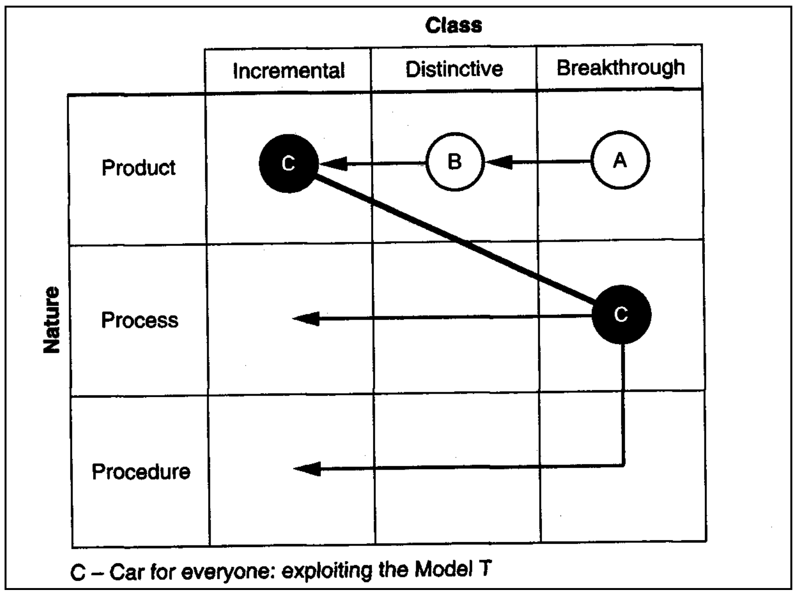

Figure 6. The US Automobile Industry: A Car for Everyone - Exploiting the Model T

This innovation strategy is depicted in Figure 6. Ford took the results of what he had learned about the product design and configuration and focused on breakthrough, distinctive, and incremental process and procedure innovations. Spectacularly successful as this strategy was, Ford made the mistake of believing in it too much. On his deathbed, he is reported to have said that the only thing wrong with the Model T was that it stopped selling. As Abernathy and Wayne (1982)[1] have pointed out:

> The strategy of cost minimization single mindedly followed with the Model T was a spectacular success. But the changes that accompanied it carried the seeds of trouble that affected the organization's ability to vary its product, alter its cost structure, and continue to innovate.

From Rural Utility Vehicle to Living Room on Wheels: GM's Response

Environmental forces were at work in this market to create change. People's social values were changing. They wanted more choice, more comfort, and more luxury. Women were becoming drivers, and the open carriages and hand-crank starter were definite drawbacks. People began to have more disposable income and attached status to the type of automobile they owned. Porter (1985)[2] explains that:

> The classic example of the risks of cost leadership is the Ford Motor Company of the 1920s. Ford had achieved unchallenged cost leadership through limitation of models and varieties, aggressive backward integration, highly automated facilities, and aggressive pursuit of lower costs through learning. Learning was facilitated by the lack of model changes. Yet as incomes rose and many buyers had already purchased a car and were considering their second, the market began to place more of a premium on styling, model changes, comfort, and closed rather than open cars. Customers were willing to pay a price premium to get such features. General Motors stood ready to capitalize on this development with a full line of models. Ford faced enormous costs of strategic readjustment given the rigidities created by heavy investments in cost minimization of an obsolete model.

GM took advantage of Ford's preoccupation with an obsolete strategy and developed cars for everyone. They offered different price ranges, flexibility of choice, optional features, and a host of technological innovations, not the least of which was Kettering's electric starter and battery system. Alfred Sloan, the founder of GM, was quoted by Abernathy and Wayne[3] as saying,

> Mr. Ford ...had frozen his policy in the Model T,...preeminently an open-car design. With its light chassis, it was unsuited to the heavier closed body, and so in less than two years [by 1923], the closed body made the already obsolescing design of the Model T noncompetitive as an engineering design ....
>
> The old [GM] strategic plan of 1921 was vindicated to a "T," so to speak, but in a surprising way as to the particulars. The old master had failed to master change ....His precious volume, which was the foundation of his position, was fast disappearing. He could not continue losing sales and maintain his profits. And so, for engineering and marketing reasons, the Model T fell .... In May 1927 .... he shut down his great River Rouge plant completely and kept it shut down for nearly a year to retool, leaving the field to Chevrolet unopposed and opening it up for Mr. Chrysler's Plymouth. Mr. Ford regained sales leadership again in 1929, 1930, and 1935, but, speaking in terms of generalities, he had lost the lead to General Motors.

GM's innovation strategy is depicted in Figure 7. While GM certainly produced many process and procedure innovations, the principal innovation strategy was a return to a distinctive and incremental product innovation thrust. As a result of correctly reading the driving forces for change and interpreting their impact on consumers, GM dominated the auto market for a number of years. However, as Abernathy, Clark, and Kantrow (1983)[4] point out, even when imports began to make inroads,

> [t]he comfortable maturity into which American automobile makers drifted during the 1950s and 1960s kept all such potentially disquieting questions at bay. Like their counterparts in other manufacturing industries, executives in Detroit felt they had found the key to unlock forever the boundaries of a secure domestic market. Their confidence was soon to cost them dearly.

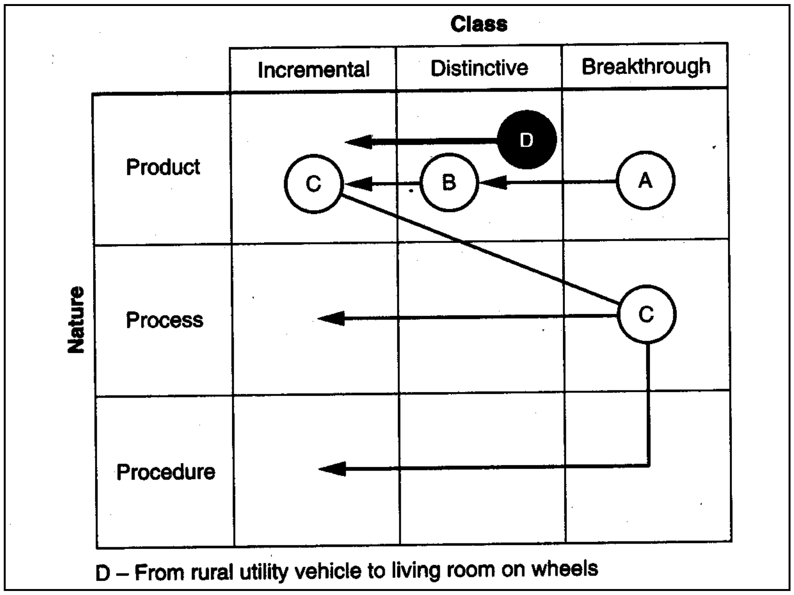

Figure 7. The US Automobile Industry: From Rural Utility Vehicle to Living Room of Wheels

Synthesizing Market Demands: Development of Toyota

In the 1950s and 1960s there were new driving forces for change. The United States was being suburbanized. People were fleeing from the inner cities and were in the process of creating the present-day megalopolises of Los Angeles, Houston, and Atlanta, to name just a few. The car became essential to get around cities that were created by and for the car. But even more than that, the people left in the suburbs needed a second car. People had enough disposable income for two cars but would have liked to have a smaller, cheaper car for the second car.

There was a niche entry at the low end, Volkswagen, and the German manufacturer found a very successful niche market. Detroit tried to respond by building small cars, but found that it could not produce small cars cheaply enough to compete. The only way that Detroit could take cost out was to reduce quality, and that produced some disastrous results and eventual return to the big-car formula. To quote Abernathy, Clark, and Kantrow:[5]

> In retrospect, then, we can see that Detroit's early flirtation with a new calculus of automobile design and production was at base a continuation of past practice, a somewhat half-hearted attempt to view the competitive dynamics of the industry in different terms. Just how strong a grip the logic of large car production had on the industry can be seen in the compacts' steady increase in size and weight during the years they were in production. Indeed, each year seemed to bring a few more inches and a few more pounds until, by the late 1960s, even a once trim car like the Falcon had added a foot in length and 500 pounds in weight. Detroit, in effect, first tried to build small cars by making little big cars.

Detroit's insistence on following its old business theory caused a backlash. There were attacks on the quality and safety of the small cars, and a general discrediting of the large U.S. automakers. Kotler et al. (1985)[6] describe the situation:

> The U.S. automobile companies ignored these warning signals and continued to build larger and more expensive regular automobiles. This total ignorance of consumer demand led to significant negative car buyer attitudes-a pro-foreign, anti-Detroit syndrome. As Donald Peterson, vice president of car planning and research for Ford's Product Development Group, observed: "People believed that we make too many changes for change's sake - i.e., non-functional changes. There's a credibility gap. People don't believe our advertising. It has done more harm than good."

Toyota was watching. They saw the success of Volkswagen, the driving forces for change, the changing needs of auto buyers, and the power of innovation to redefine the small auto with quality. As Kotler et al.[7] state,

> As strategic planners of the highest order, the Japanese aim their marketing efforts, not at where the competition is situated, but at where they think the competitive battlefield will be in the future.

Toyota did extensive market research in the United States using Volkswagen as the prototype. They used U.S. market research firms and U.S. data, and beat us at our own game. Their first entry, the Toyopet, was not a success, but they stuck with their new business theory and the result was a restructuring of the market.

The innovation strategy of Toyota is shown in Figure 8. They focused on distinctive product, process, and procedure innovations. Then their thrust was incremental innovations across the board. Eventually, Toyota became the market leader.

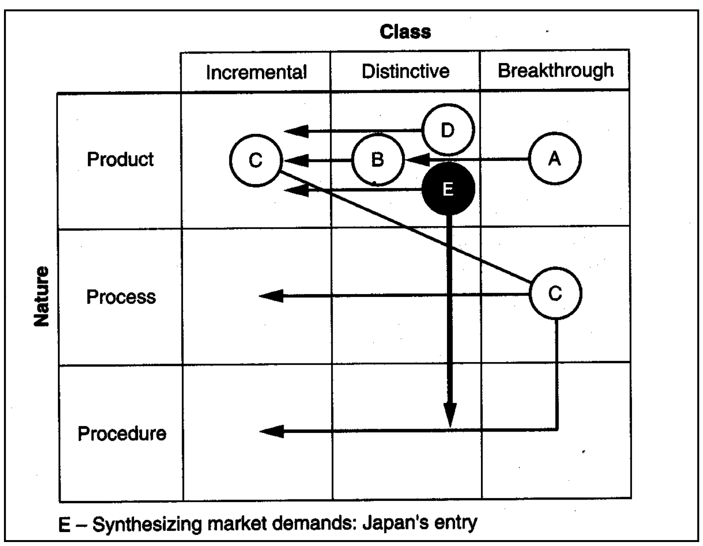

Figure 8. The US Automobile Industry: Synthesizing Market Demands - Japan's Entry into the US Market

Types of Strategies

There are many different types of strategies. Strategies can be driven by:

- Technology

- Customers
- Competition
- Stakeholders
- Strategic relationships
- Organizational capability
- Culture
- Personal vision

In some situations, each may be appropriate. In most situations, following just one to the exclusion of others will result in failure. However, in all cases, a market-driven strategy can be successful. In a market-driven strategy, all the different types of strategies are considered and the appropriate one for the situation selected.

Strategy Development Process

The process for market-driven strategy development is shown in Figure 9. Several terms are used in this figure. For an organization a vision provides purpose. A mission defines the area of business operation. Goals are objectives to be reached. The strategic plan details how to accomplish the goals, within the mission, to make the vision a reality. After the market opportunity has been defined, strategy development begins by creating the vision for the organization. This is followed by selection of a mission and establishment of goals. Once these are understood, the organizational implications can be developed. From all this information, strategies can be developed to take advantage of the opportunities, avoid or minimize the threats, and fully and effectively utilize the organization.

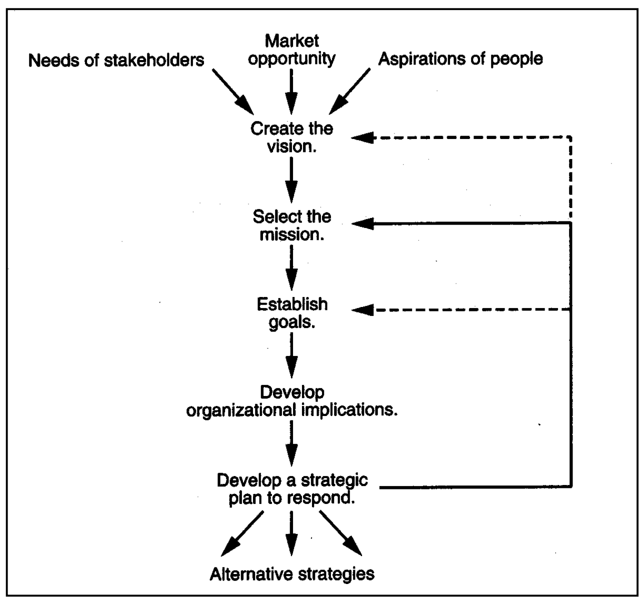

Figure 9. Strategy Development

Organizational Change

A strategy is the road map for change. Because of the interaction of the driving forces for change with customer needs, technological capabilities, and competitive responses, the

market the organization wishes to serve is constantly changing. In order for the organization to remain competitive in a global market, it must change to align its projects, resources, and culture to the redefined opportunity. The strategy is the link between the changing world outside the organization and the world inside the organization that needs to change.

The internal implications of the organization's strategy are enormous and must be addressed within the strategy. A strategy focused only on the outside world will not be effective or efficient. The organization's strategy calls for the organization, and thus the people in it, to change, and gives them the path. If the organization is motivated to change, change will result, and innovation will follow. If that innovation can be focused continually on the market, the organization will be successful.

For individuals to change, they must first have the desire to change. If an individual has the desire to change, he or she may develop the intention to change. If intention develops, the person may act on that intention.

The process of facilitating this series of events is motivation. Motivation is not a thing; it is a process. To motivate someone to change, a compelling reason for change must be developed and communicated to that person in a language the person understands. If this creates the desire to change, the intention to change may develop if the way to achieve change is developed and communicated. If the person believes that the way is credible, plausible, and likely to result in success, the person will develop the intention to change. If trust has been established between the person and the organization of which he or she is a member, the person will act on that intention and begin to change. At this stage, change is still delicate. If there are no positive results that are obvious to the individual, he or she may revert to old patterns of behavior, or even worse, hunker down and wait for the storm to blow over. This behavior is devastating to the organization. However, if positive results are obtained in the early stages, and the individual sees the long-term perspective, significant change can be effected.

The processes of change in an organization therefore become the "four E's" (Figure 10). If the organization ennobles, enables, empowers, and encourages, positive change will result. The result of the four E's is a fifth E, enjoyment. The people in the organization will enjoy what they are doing even if the change path is difficult.

Much has been written and said about empowerment in today's business world. Its virtues have become almost common wisdom, and it is offered as a panacea for almost all problems. But empowerment without ennoblement and enablement is a recipe for disaster. Just telling people that they are empowered to change without giving them the tools of change and the channel of change is sure to fail.

The ennobling process gives people the reason for change and thus justifies the extraordinary risk and hard work it takes to go through change. To ennoble someone is to give them a higher purpose and give meaning to their work. And as work is the main activity of most people's lives, if their work is ennobled, their life can become ennobled. In strategy development, ennoblement is provided by the vision.

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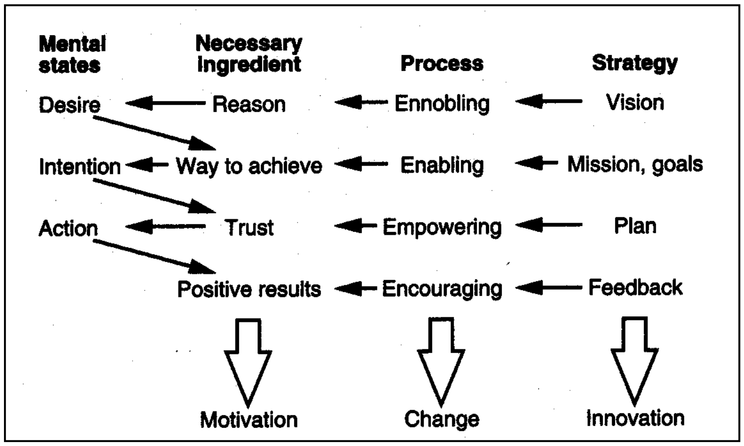

Figure 10. Organizational Change Process

Enabling means providing the tools for change, giving the people the weapons they need to fight the battles of change. Many of these extend beyond the scope of strategy development, but the two elements of strategy that do apply here are mission and goals. Missions and goals can be hierarchical, subdivided down so that every individual sees how their piece fits into the organization's strategy.

The strategic plan empowers individuals to act. It tells them how to go about the process of change.

Encouragement is provided by feedback of the positive results. This is one of the reasons why a good measurement system must be established. Measurements can also be hierarchical, so that each individual can be measured on their contributions. Measurements can also be time phased. Some measurements can be developed that will show results earlier than those that reflect the significant organizational change.

Creating a Vision

Creating a vision (Figure 11) which can take advantage of the opportunity, meet the business objectives of the organization, and effectively energize the people who work in the organization is one of the most important and creative things that a manager can do. It can turn a manager into a leader.

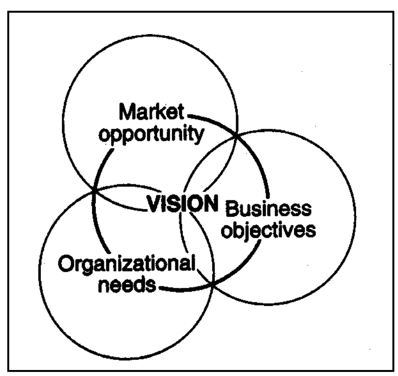

Figure 11. The Vision Connection

Many organizational vision statements have no spirit. They are weak and platitudinous. This type of formulation must be avoided. The vision will not only not accomplish what you want it to but will be detrimental to the morale of the organization.

A vision:

- Provides a bridge from the present to a future state
- Is a target that beckons

- Depicts a future state that does not exist and never existed before
- Confers status
- Bridges between the market, the business, and people
- Energizes the organization

To create a vision, consider the following:

- Decide what will excite people.
- Focus the vision on strategic advantages.
- Think about how your organization adds value to others.
- Make the vision simple enough to be used to make decisions.
- Develop a strategy to gain a broad base of support for the vision.
- State it in the present tense.

Use both informal and formal channels of communication. Make sure that everyone shares in the vision including employees, customers, stakeholders, and suppliers. In the process of gaining support for the vision, the vision may need to be modified. Experience of many leaders has shown that it is wise to alter the vision to gain the maximum amount of support. It is important that the vision be communicated to and shared by the organization and its stakeholders. The following are some characteristics of a good vision.

Characteristics of a Good Vision
Be short and succinct
Be clear and unambiguous
Have meaning to everyone in the organization
Lead to distinctiveness
Be innovation-rich
Provide reason for extraordinary effort
Be sustainable through mission, product, technology, and organizational changes
Be identifiable with the greater good

A good vision will:

- Help people feel significant
- Establish the value of learning and competence
- Unite people and give them a collective identity

- Make work exciting, not by pushing, but through identification with common goals
- Establish integrity, dedication, openness, creativity, and courage in the organization
- Encourage people to think longer term
- Allow people to understand the whole
- Encourage people to exert influence beyond their bounds
- Unite multiple, sometimes conflicting, constituencies
- Foster thinking in terms of renewal

The vision must link the market opportunity and the business objectives to the various needs of the people in the organization. What do they want to accomplish with their lives? Why are they working for this organization? These are questions that must be answered if a good vision is to be established.

Many surveys have been conducted in all cultures of what people want to accomplish with their lives. This kind of cultural information is basic to an understanding of the specific characteristics and values of the people in the organization. For example, Figure 12 lists the top seven things Americans say they want out of their lives. To determine what the people in a particular organization want to accomplish with their lives, surveys, interviews, and focus groups can be designed and conducted. This, together with information for your culture similar to that in Figure 12, can be used to help formulate a vision.

What American's Want
People want more control over their own lives and over the destinies of their families.
People want opportunities to learn and develop throughout their lives.
People want interesting work/meaningful activity/ important roles that offer recognition and rewards.
People want to participate in and actively experience life rather than watch or experience others performing.
People want challenges to their creative/problem-solving abilities.
People want to live and work among open, happy, trusting people.
People do not want to be unwillingly or unwittingly jeopardized.

*Figure 12. What do Americans say they want out of life? (Summarized from over 100 attitude and opinion surveys.) (Source: David Pearce Snyder and Gregg Edwards, **Future Forces**, Foundation of the American Society of Associated Executives, 1984.)*

Visioning does not lend itself to linear processes. It is basically intuitive, holistic, iterative, and synthetic. It is advisable to work with a group of people who represent a cross section of the organization in a focus group or nominal group setting. The vision statement, once created, must be "socialized" with ever larger groups of people, modifying it along the way, until the entire organization and its stakeholders have adopted it.

In summary, to establish a vision, the organization must know how to learn what its members believe is important, credible, and relevant. Then it must identify the directions the members find exciting, develop a positive vision to embody this, and communicate it to the people in language they understand.

Selecting a Mission

A mission defines the area of business chosen to help make the vision a reality. It puts boundaries around the organization to channel and focus its efforts. A well-selected mission makes the organization more effective in its operations. It defines the area of the opportunity that will be addressed. As a result, it selects the competition the organization will face. Since it narrows the organization's focus, it can lead to the development of sustainable competitive advantage.

Establishing Goals

Goals are measurable objectives that the organization must reach within an identified time frame. Often it is advisable to establish several different time frames for goals, for example, periods of five and ten years. Goals are steps on the organization's way to actualizing the vision within the chosen area of business. Goals must be attainable but outside the current reach of the organization. The organization must need to be innovative to reach the goals. If the goals are too easily attained, they will not serve to motivate the organization. If the goals are impossible to reach, frustration will develop, and morale will drop.

It is imperative to monitor progress on the path to realization of the goals. This means that the degree of attainment of the goals must be measurable; therefore, a measurement system must be established every time a goal is established.

Goals are indicators of what's worth achieving in and by the organization. They become the "glue" for the organizational structure. Goals can be segmented, and each piece related to the whole. This creates a hierarchy of purpose, and it gives people in the organization a way to identify with the vision. A vision can sometimes be too lofty; people can buy into the vision but not see how they can contribute. Hierarchical goals provide individuals with a way to help the organization and themselves realize the vision.

Developing Organizational Implications

The next step in the process is to develop the organizational implications, positive and negative, of the opportunity, vision, mission, and goals. This is best done by considering five areas of the business:

Areas
Organizational structures
Communication systems
Incentives
Education
Management systems

The organizational structure area includes, for example:

- Mission structures

- Programs for support of concepts generated by the organization, such as creative development proposals, invention support, and an innovation review board

- Programs to facilitate the development of intraorganizational experience, such as internal consulting, task forces, study groups, quality circles, and temporary assignments

- Programs and structures to promote learning or developmental assignments, such as fellowships and sabbaticals

- Programs and structures to encourage mentoring

Examples of communication systems are:

- Internal and external publications

- Databases and computer conferences

- Internal and external professional societies

- Libraries

- Seminars and symposia

- Programs to promote informal communication both inside and outside the organization

Incentives cover things such as:

- "Multiple-path" career paths.

  "Dual-ladder" and "triple-ladder" promotional programs have been used to increase the development of managers, technical professionals, and in the triple-ladder case, entrepreneurs.

- Award programs for suggestions, innovations, inventions, and progress

- Salary programs to promote continued development

- Recognition programs

- Intangibles such as:

  Valuing "creative" failure higher than "safe" path

  Access to power tools of change

  Time to pursue innovative projects

  Ability to be involved in more innovative programs

  Dress codes

Out-of-company activities

Work atmosphere

Education program examples are programs for:

- Personal skills development
- Technical skills development
- Management skills development
- Development of integrative skills such as creativity, innovation, professionalism, forecasting, and leadership

Management systems must accomplish the following:

- Establish the shared vision of innovation.
- Set strategic direction.
- Provide innovation objectives.
- Create innovation enhancement programs, guidelines, reviews, and measurements.
- Assure commitment.
- Demonstrate patience.
- Be flexible.

The organizational implications are developed by going through each statement or fact in the opportunity, vision, mission, and goals carefully and developing a list of implications of each statement for each of the five categories listed at the beginning of this section. When a list of implications has been created, assess the importance of each. They will be used to help develop the strategic plan.

Developing a Strategic Plan

The strategic plan must inform the organization about how to accomplish the goals within the mission in order to reach the vision. A strategic plan must embody:

- Decisions that must be made today but which affect the future
- Major questions of resource allocation that determine the organization's long-term results
- The calculated means by which the organization will deploy its resources to accomplish its purpose under the most advantageous circumstances.
- The methods to establish a competitive edge, allowing the organization to serve its customers better than its competitors

- The broad principles by which a company hopes to secure an advantage over competitors, an attractiveness to buyers, and a full utilization and activation of its resources, technology, and culture

A strategic plan is a statement of how the organization will produce an attractive growth rate and a high rate of return on investment by achieving a market position so advantageous that competitors can retaliate only over an extended time period at a prohibitive cost. This can best be accomplished if the strategic plan allows the organization to innovate in products, processes, and procedures which take advantage of the opportunity, actualize its vision, permit it to compete effectively within its mission, and make it possible for it to reach its goals.

To develop a strategic plan, both the positive and negative implications must be ranked. The strategic plan must encompass all the high-ranked positive implications and avoid or minimize the negative implications of the opportunity, vision, mission, and goals. It must allow enough flexibility within the organization to contain the lower-ranked implications. There should be a strategic statement for every high-ranked implication or cluster of implications.

The process of establishing a strategy does not lend itself well to hard-and-fast, step-by-step protocol. Like many processes discussed in this chapter, it is integrative and holistic. The strategy is best developed in a group setting with a representative sample of the organization participating. When the strategy is complete, review it against the opportunity: It is imperative that the strategy take advantage of the opportunity. Modify the strategy if required.

Sometimes it is advantageous to develop multiple strategies that are then tested with a broader representation of the organization and its stakeholders. This can be done by cycling back and changing one or all of the organization's vision, mission, and goals. -The strategy represents the way the organization views the opportunity and is going to take advantage of the opportunity. Eventually a strategic plan must be selected along with a consistent vision, mission, and goals. Sometimes, two areas will be established within an organization with different missions to exploit the opportunity more fully.

When the strategy is complete, an innovation map is created which represents the innovation focus of the strategy. This is done by reviewing each strategic statement, creating a list of innovation implications for each statement, and categorizing each by type of innovation. These can be weighted and combined to create an innovation strategy that is represented by the innovation map.

Compare the innovation map with the opportunity. Do they match? If not, review the process to find out how the discrepancies developed. Determine whether you can alter the strategy to bring it more in line with the opportunity.

Summary

To develop an innovation strategy, the organization must:

- Understand needs and aspirations of people in the organization

- Understand the market in which the business operates

- Understand the needs of its stakeholders
- Synthesize the needs of the market, stakeholders, and people into a vision
- Establish a shared vision
- Develop goals, mission, and strategic plan with the organization
- Create an innovation strategy by interpreting the innovation opportunity through the business needs as stated in the vision, goals, and mission

> Caution. Be market driven and remember the customer.

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